MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

PAT0065 – FINANCIAL ACCOUNTING

(Foundation in Management)

2 March 2016
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 6 printed pages excluding cover page with 6 questions only.

2. Answer **ALL** questions. Marks are shown at the end of each question.

3. Answer in the answer booklet provided.

QUESTION 1

D. Saunders is a manufacturer. His trial balance at 31 December 2015 is as follows:

Accounts	Debit (RM)	Credit (RM)
Delivery van expenses	2,500	
Lighting and heating: Factory	2,859	
Office	1,110	
Manufacturing wages	45,470	
General expenses: Factory	5,640	
Office	3,816	
Sales representatives: Commission	7,860	
Purchase of raw materials	39,054	
Rent: Factory	4,800	
Office	2,200	
Machinery (cost RM 50,000)	32,500	
Office equipment (RM 15,000)	11,000	
Office salaries	6,285	
Debtors	28,370	
Creditors		19,450
Bank	13,337	
Sales		136,500
Premises (cost RM 50,000)	40,000	
Inventory at 31 December 2014: Raw materials	8,565	
Finished goods	29,480	
Drawings	8,560	
Capital		137,456
	293,406	293,406

Additional information:

1. Inventory at 31 December 2015: raw materials RM9,050, finished goods RM31,200. There is no work in process.
2. Depreciation per annum was made for machinery RM2,000, office equipment RM1,500 and premises RM 1,000.
3. Manufacturing wages due but unpaid at 31 December 2015 was RM305 and prepaid office rent was RM108.

Required

Prepare a manufacturing account for the year ended 31 December 2015.

(Total 15 marks)

Continued .....

QUESTION 2

Long Lane Football Club
Receipts and Payments Account for the year ended 31 December 2015

	RM			RM
Bank balance 1.1.2015	524		Payment for bar supplies	3,962
Subscriptions received for:			Wages:	
2014 (arrears)	55		Groundsman and assistant	939
2015	1,236		Barman	624
2016 (in advance)	40		Bar expenses	234
Bar sales	5,628		Repairs to stands	119
Donations received	120		Ground upkeep	229
			Secretary expenses	138
			Transport costs	305
			Bank balance 31.12.2015	1,053
	7,603			7,603

The treasurer of the Long Lane Football Club has prepared a receipts and payments account, but their members have complained about the inadequacy of such account. The treasurer gives the accountant a copy of the receipts and payments account together with the information of assets and liabilities at the beginning and end of the year.

Notes:

1.

	31/12/2014 (RM)	31/12/2015 (RM)
Inventories in the bar at cost	496	558
Owing for bar supplies	294	340
Bar expenses owing	25	36
Transport costs	-	65

2. Depreciation expenses provided as below:

Non-current assets	Cost (RM)	Rate (%)
Land	4,000	-
Football stand	2,000	10
Equipment	550	20

3. Subscriptions owing by members amounted to RM 55 on 31 December 2014, and RM 66 on 31 December 2015.

Continued .....

Required

Prepare the income and expenditure account for the year ended 31 December 2015.

(Total 15 marks)

QUESTION 3

Hughes, Allen and Elliott
Statement of Financial Position as at 31 December 2015

Assets:	RM
Buildings at cost	8,000
Motor vehicles (at NBV)	3,550
Office fittings (at NBV)	1,310
Inventory	2,040
Debtors	4,530
Bank	1,390
	20,820
Capitals:	
Hughes	9,560
Allen	6,420
Elliott	4,840
	20,820

Hughes, Allen and Elliott are partners and have shared profits and losses in the ratio of 5:3:2. From 1 January 2015, the assets were to be revalued as the profit-sharing ratios are to be altered soon. The following assets are to be revalued to the figures shown:

Non-current assets	RM
Building	175,000
Motor vehicles	2,600
Inventory	1,890
Office fittings	1,090

Required

a) Prepare the revaluation account. (11 marks)

b) Prepare the capital accounts. (9 marks)

(Total 20 marks)

Continued .....

QUESTION 4

The balances extracted from the books of Jubli Perak Ltd at 31 December 2015 was as follows:

	RM
Ordinary shares capital	200,000
8% Preference shares capital	80,000
Interim dividend for ordinary shares	14,000
Interim dividend for preference shares	2,000
General reserves (31 December 2014)	45,000
10% Loan notes	70,000
Retained earnings (1 January 2015)	45,500
Office equipment at cost	65,000
Accumulated depreciation on office equipment	15,800
Gross profit (31 December 2015)	85,700
Rent	4,000
Interest loan	6,000
Water and electricity	2,200
Wages and salaries	50,800
Allowance for doubtful debts	1,580
Trade receivables	40,000
Commission received	35,000
Bank	25,300

Additional information:

i) Water and electricity accrued at 31 December 2015 amounted to RM1, 000.
ii) Wages and salaries paid in advance at 31 December 2015 amounted to RM1,100.
iii) Commission received in advance on 31 December 2015 amounted to RM100.
iv) The allowance for doubtful debts is to be increased by RM 500.
v) Depreciation charge is to be made on office equipment at the rate of 10% per annum on cost.
vi) Corporate tax of RM2,800 will be payable on the profit of this year.
vii) The directors decided to:
Transfer RM 12,000 to general reserves;
Provide for dividend on preference shares;
Propose a dividend of 10% on the ordinary shares.

Required

Prepare the income statement and statement of changes in equity for the year ended 31 December 2015. **(Total 20 marks)**

Continued .....

QUESTION 5

The following information was extracted from Super Supreme Enterprise as at 31 December 2015:

Super Supreme Enterprise
Statement of Financial Position as at 31 December 2015

	RM	RM
Non- Current Assets		230,000
Current assets		
Inventories	28,500	
Bank	39,450	
Account Receivable	16,000	
Prepaid expenses	2,500	86,450
		316,450
Financed by:		
Owner's Equity		
Capital		100,000
Add: Net Profit		56,550
		156,550
Less: Drawing		(6,600)
		149,950
Non-Current Liabilities		
5% Term Loan		100,000
Current Liabilities		
Account payable	60,000	
Accrued expenses	6,500	66,500
		316,450

Additional information:

1. Net sales and cost of sales of the year were RM210,000 and RM84,000 respectively.
2. All sales were made on credit.
3. Inventories as at 1 January 2015 were valued at RM15,500.

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Required:
Calculate the following accounting ratios for the year ended 31 December 2015 for Super Supreme Enterprise:

a) Current ratio (3 marks)
b) Acid-test ratio (3 marks)
c) Gross profit margin (3 marks)
d) Inventory turnover ratio (3 marks)
e) Accounts receivable collection period (all sales are credit sales) (3 marks)

(Total: 15 marks)

QUESTION 6

The following information relates to SKY Net Bhd. for the year 2015 and 2014:

	2015 (RM)	2014 (RM)
Cash	165,000	50,000
Accounts receivable, net	410,000	460,000
Inventory	300,000	320,000
Prepaid expenses	20,000	15,000
Long Term Investment	50,000	25,000
Land	560,000	300,000
Building and Equipment	2,000,000	1,900,000
Accumulated Depreciation	(830,000)	(770,000)
Accounts payable	300,000	120,000

The following are transactions for the year 2015:

i) Net profit after tax was RM110,000.
ii) Depreciation per annum on building and equipment was RM60,000.
iii) The company sold equipment with a book value of RM 20,000 (the cost of the equipment was RM50,000 and its accumulated depreciation was RM30,000) for RM17,000 cash.
iv) Land of RM260,000 was purchased for cash.
v) The company declared and paid cash dividend of RM60,000.

Required
Prepare the statement of cash flow for SKY Net Bhd. for the year ended 31 December 2015 by using direct method.

(Total 15 marks)

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